From: Stan Wahl
To: _Regulatory Comments
Subject: Comments on Proposed Rule: PCA – Risk-Based Capital
Date: Wednesday, May 28, 2014 2:56:13 PM

May 28, 2014

National Credit Union Administration
Gerald Poliquin, Secretary of the Board
1775 Duke Street
Alexandria, VA 22314-3428

Re: Comments on Proposed Rule: PCA – Risk-Based Capital

Dear Mr. Poliquin:

I am writing on behalf of Christian Community Credit Union, which serves Protestant Christian churches and their members. We have 29,000 Members and $574 million in assets. Christian Community Credit Union appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule regarding Prompt Corrective Action – Risk-Based Capital.

My credit union generally supports risk-based capital principles. However, we feel strongly that the proposed rule, as currently drafted, will severely harm the credit union industry by creating a significant competitive disadvantage in the market place. We respectfully submit the following comments on the proposed rule.

Parity with Banks

Risk-based capital is appropriate, but the requirements for credit unions should not be more restrictive and punitive than they are for U.S. banks. Credit unions were formed for those who were not served adequately by the banks. Credit unions have historically proven themselves to be better lenders, charging less fees and suffering less losses than banks. Why would you want to put them in a position that will limit their growth. As credit unions reach $50 million in assets they will be restricted by the regulation. This places credit unions at a competitive disadvantage and will result in a reduced ability for credit unions to serve their members and communities.

Individual Minimum Capital Requirements

The proposed rule gives the NCUA authority to require even higher capital for individual credit unions. This highly subjective element should be stricken from the rule. In addition, the examiners will have the added authority to interpret parts of the risk base requirement at their discretion. Examiners have the tendency to push credit unions beyond the regulations already. This too will create a competitive disadvantage. The regulation needs to be crystal clear, not subject to interpretation.

NCUA is exceeding their authority

Congress never intended for NCUA to set up a risk-based capital standard for well-capitalized credit unions. The FCU Act directs NCUA to devise a risk-based requirement, but the risk-based component for the well-capitalized threshold can be no higher than the component for the adequately capitalized level. Under NCUA's proposal, however, that is not what would happen. This goes against the current FCU Act and system of Prompt Corrective Action.

In conclusion, we would support a sensible, lawful approach to risk-based capital requirements; however, this proposed rule will do more harm than good—creating a huge competitive disadvantage and

cause credit unions to set aside over $7 Billion in additional capital that is simply not needed for safety and soundness;

Thank you for the opportunity to comment and for considering our views on the proposed risk-based capital rule.

Sincerely,

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